

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	
Stratco Operating Company, Inc.,	§	Case No. 10-13139-TMD
	§	
Debtor	§	Chapter 7

**Motion to Sell an Overriding Royalty Interest in Eddy County, New
Mexico to Chiderbri Minerals, LP and Patterson Royalties, LLC Free and Clear of Liens**

TO THE DEBTOR, ITS CREDITORS AND ALL OTHER PARTIES IN INTEREST:

This pleading requests relief which may be adverse to your interests.

If no timely response is filed within 21 days from the date of service, the relief requested herein may be granted without a hearing being held.

A timely response is necessary for a hearing to be held.

John Patrick Lowe, the Trustee in this case, makes and files this Motion, and in support of it respectfully represents to the Court as follows:

1.

Movant is the Trustee in this Chapter 7 proceeding. The case was commenced on November 3, 2010 as a Chapter 7 case. Assets, none of which had been disclosed in the Debtor's Schedules, were administered. The Trustee's Final Report Before Distribution was approved, creditor distributions were made and the case was closed on October 29, 2014. But the case was reopened on November 4, 2015 to administer another asset which hadn't been disclosed in the Debtor's Schedules. That asset, too, was reduced to cash. Another Final Report was approved. More creditor distributions were made. The case was closed, again, on November 2, 2016. But

the case was reopened again on July 14, 2017, Bastille Day, to administer another asset which hadn't been disclosed in the Debtor's Schedules, this one a working interest in Eddy County, New Mexico. (One thinks of those words of two rockers who are no longer with us, George Harrison, who said, "All Things Must Pass" and Jerry Garcia, who said, "What A Long Strange Trip It's Been.") That asset, that working interest, was sold, but the Trustee retained an overriding royalty interest. This Motion seeks leave to sell that override. This Motion is filed by right of 11 United States Code §§ 363 and 704, Federal Rule of Bankruptcy Procedure 6004 and Local Rule 6004.

2.

When the Trustee sold the working interest in Eddy County, New Mexico, he retained an overriding royalty interest. The Trustee has attached to this Motion a copy of that instrument, the Term Partial Assignment of Oil and Gas Lease. The interest has produced both oil income and gas income to the bankruptcy estate.

3.

The Trustee moves the sale of the oil and gas overriding royalty interest described, retained and reserved in the Term Partial Assignment of Oil and Gas Lease recorded in Book 1102, page 9 of the records of Eddy County, New Mexico, to Chiderbri Minerals, LP (1/2) of Building 2, Suite 204, 9310 Broadway, San Antonio, Texas 78217 and Patterson Royalties, LLC (1/2) of 622 W. Rhapsody, Suite A, San Antonio, Texas 78216-2607 for the amount of \$67,485.00 cash.

4.

The sale should be free and clear of any and all liens, claims, security interests and encumbrances, if any, with all of those matters, if any, to attach to the sales proceeds. The

Trustee is aware of no liens on the overriding royalty interest with the possible exception of ad valorem tax liens. Judging from the check stubs the Trustee has received, the operator appears to be paying those ad valorem taxes.

5.

The sale should also be “as is”, “where is”, with all faults, without any other warranties and without recourse against the Trustee or the bankruptcy estate. The purchasers have or will examine the title to the override at their own risk and expense.

6.

The effective date of the sale is May 1, 2018.

7.

The Trustee doesn’t know whether the proposed sale will create a federal income tax liability for the bankruptcy estate.

8.

There are no broker’s fees or commission in the proposed sale.

9.

The Trustee also moves for leave to execute, acknowledge and deliver any instrument, such as an assignment, or record necessary to consummate or memorialize the proposed sale.

10.

Any party in interest may make a higher offer for the interest by either filing a timely response to this Motion with the Clerk of the Court or by sending a higher offer to the Trustee by mail, email or facsimile in time to enable the Trustee to file a timely response to this Motion.

11.

If a timely response to this Motion is filed, the Trustee's Motion will be set for a hearing before the Court at which time the Court will consider all bids and authorize and direct the Trustee to sell the subject interest to the then-highest bidder by either a sealed bid process or by open bidding in open Court.

12.

The Trustee also moves that the Court terminate the stay of Federal Rule of Bankruptcy Procedure 6004(h).

WHEREFORE, premises considered, the Trustee requests that the Court enter an Order granting this Motion, and for such other and further relief, at law or in equity, as to which he may be justly entitled.

DATED: May 21, 2018.

Respectfully submitted,

John Patrick Lowe, Trustee
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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above and foregoing Motion to Sell an Overriding Royalty Interest in Eddy County, New Mexico to Chiderbri Minerals, LP and Patterson Royalties, LLC Free and Clear of Liens, and the proposed Order, have been served on the parties on the attached Service List and Oil & Gas Interest Service List, by the CM/ECF system; by First Class mail, postage prepaid; or by electronic mail within 2 days of the electronic filing of this Motion on this the 29th day of May 2018.



Patrick Lowe